Why is it that people follow leaders? We propose in this article that there are at least three motivational grounds for persuading followers to change their organizational behavior: utility, identity, and values. These motivational grounds are sensitive to the national (and corporate) contexts in which leaders operate. Here, we discuss two CEO-led change programs, one in a U.S. company and the other in a Japanese organization. We seek to describe and contrast the motivational bases of the CEOs’ change efforts in the two cases and draw attention to the leader approaches in the two national and organizational contexts. In the U.S. case study, leadership was based on the assumption that a “right” agency (in terms of utility sought or values held) will result in the “right” consequences. In Japan, the link from leadership to followership was different: it was assumed that a “right” (corporate) identity will induce “right” behavior on the part of the followers. We propose that further studies consider the follower context in more detail, thus contributing to the understanding of what makes leaders effective in the United States and Japan.

Corporate leaders often encounter resistance in their efforts to redirect an organization. We argue that such resistance is partly due to the leader’s failure to grasp what motivates followers to change their behavior. In this article, we propose that there are at least three grounds on which to lead change: utility, identity, and values. Further, we draw attention to the national contextuality of such motivations. In the two case studies described, the U.S. leader chooses to motivate followers on expected consequences of their behavior (utility) and by appealing to shared values. The Japanese leader pursues change by having
his followers rethink their corporate identity. The different choices are manifest in the leadership approaches of the two CEOs and are consequences of the country (and to some extent, corporate) contexts in which the two leaders operate.

The motives of followers (utility, identity, values) are derived from Kelman’s (1961) framework. The framework describes how public opinion changes and offers insight into the motivations for change. More recently, Sussman and Vecchio (1982) and O’Reilly and Chatman (1986) have used a similar approach to explaining organizational behavior and commitment to change. O’Reilly and Chatman (1986) found support for the existence of such distinct underlying motives as utility, identity, and values. Like Kelman, they too described the processes by which behavior changes as compliance, identification, and internalization. Hence, these three processes are treated as generally applicable in this study yet different in their effectiveness in motivating followers in a particular cultural context. Scott (1995) recently introduced a similar categorization of institutional carriers (cultures, structures, routines) and elements (regulative, normative, cognitive) that describe the ways in which institutions affect organizational behavior. Scott points out that “analysts vary in the extent to which they emphasize the cognitive, normative, or regulative facets of institutions as well as where they situate these elements—whether cultures, structures, or routines are viewed as primary carriers” (p. xiii, Scott & Christensen, 1995). Scott thus points to the multiplicity of institutional processes in which followers become engaged.

In the present study, Kelman’s framework was used as a theoretical structure to direct attention in the case studies and interpret findings (see Alvesson, 1996; Strauss, 1990). Kelman’s framework thus played the role of an organizing principle in the discussion of the two case studies. In addition, existing literature on behavior motivation was used to support the development of the leader approaches. The intent was to bring an understanding of what motivates followers to bear more closely on our understanding of leadership in different cultural contexts. The sense-making process in studying the cases thus initially proceeded with an overall organizing structure or theoretical framework, that of Kelman’s (1961) supported by O’Reilly and Chatman (1986). The later development of the leader approaches combined theoretical ideas derived from existing literature on what motivates human behavior with findings of the case studies.

Kelman’s (1961) framework is summarized in Table 1 and further discussed in the section on the context of the U.S. and Japanese change programs. Compliance implies change motivated by the acceptance of influence in order to gain specific gratification or rewards and/or avoid deprivations or punishments. Its motivational grounding is consequential utility: People accept influence from another person or a group because they hope to achieve a favorable reaction from someone who controls the rewards or punishments (see, House, 1996). This behavior occurs only when observable by the influencing agent (and hence implies an extrinsic reward; e.g., see Korman, 1970). As Turner (1987, p. 16) observes, the behavior is mediated by cognitive processes that enable necessary calculations (requiring a certain amount of information of the probabilities and outcomes made available); and it is governed by value or preference hierarchies and marginal utility.

In identification, influence is accepted as it is important to a person’s conception of his or her identity. Particular behaviors may be required to be associated with a leader (personal identification) or to belong to a group (social identification). Such behaviors
Why Do People Follow Leaders?

Table 1
Follower Motives and Their Contextual Characteristics

<table>
<thead>
<tr>
<th>Contextual Characteristics</th>
<th>Utility (Compliance)</th>
<th>Identity (Identification)</th>
<th>Values (Internationalization)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioral concern</td>
<td>Social effect</td>
<td>Social belonging</td>
<td>Value congruence</td>
</tr>
<tr>
<td>Source of power</td>
<td>Means control</td>
<td>Attractiveness</td>
<td>Credibility</td>
</tr>
<tr>
<td>Use of power</td>
<td>Limiting the choice of behaviors</td>
<td>Delineating role requirements</td>
<td>Reconceptualizing means and ends</td>
</tr>
<tr>
<td>Behavior activation</td>
<td>Surveillance</td>
<td>Salience of relationship</td>
<td>Relevance of values to issues</td>
</tr>
<tr>
<td>Embeddedness of behavior</td>
<td>external demands of a specific setting</td>
<td>expectations defining a specific role</td>
<td>A person’s value system</td>
</tr>
</tbody>
</table>

Source: Adapted from Kelman (1961).

constitute a role to be played in situations that involve the leader or the social group in question. However, in different social contexts roles change and the person’s conception of his or her identity varies (Goffman, 1959; Collins, 1975). The attractiveness of any particular social attachment is dispositional: The more a resulting behavior or a social role conforms to a core set of attitudes that defines the person’s sense of identity beyond any particular situation or role, the more attractive the particular social attachment (Kuhn & Partland, 1954; McCall & Simmons, 1978).

The third motivational grounding, internalization, is the acceptance of leadership influence that is congruent with a person’s values. The resulting behavior may be important to self-esteem and be intrinsically rewarding (see Sussman & Vecchio, 1982, pp. 182-183). It tends to occur whenever required by the person’s value set (Kelman, 1961; Shamir, 1991). The behavior is thus internally motivated and does not require the presence of external motivators such as rewards or punishments, nor is it dependent on any particular social role. When internalized, values are something that keep individuals accountable for their actions in the desire for self-consistency (Bandura, 1986; Gecas, 1982; Shamir, 1991). When not internalized, values can still guide behavior but only publicly; no individual accountability (so called conscience) is at stake. Perhaps social norms better stand for such public conformance (cf. Chatman, 1989). Sharing of values in an organization may help to create a “sense of trust” that Giddens (1984) sees as crucial to motivation and help reduce organizational anxiety (Turner, 1987) that prevents effective change.

In conclusion, processes of behavioral change such as compliance, identification and internalization—when effective—seek to exploit “most satisfying or most vulnerable motives” (Heckhausen, 1991, p. 318). This is a central part of our argument for effective leadership: the behavioral motives of followers constitute the source of power for leadership. The type of effective power varies, however, with the underlying motive that the leader seeks to engage in behavioral change. Utility-related change is most likely to be executed by coercive power (fear of punishment, loss of benefit); and for calculated, expected gain, reward power is appropriate (see French & Raven, 1959). As utility-related
change is most vulnerable to opportunistic behavior on one hand and lacks self-sustainability on the other, executive power is maintained by controlling behavior and rewarding (at least occasionally) its apparent outcomes. Identity-related change might benefit from referent and/or expert power (also social power; Etzioni, 1975). The source of power in this case is the ability to interpret and share social identity, a task that a certain social status (derived from expertise or from another socially desirable characteristic) may enhance. Also, information may yield power as it recreates social reality. Patchen (1974) found that the most frequently cited reason for influence over a particular decision was the fact that the person was affected by it. This type of power, decisional involvement, applies to identity-related change in a participative social environment (cf. Ouchi, 1981). Sussman and Vecchio (1982) further suggest that value-related change might most effectively be driven by power stemming from the (perceived) legitimacy of a request. In addition, power may stem from the sharing of values; if the CEO is perceived as sharing the values of the employees, change may be easier to accomplish. Also, power based on charisma and other appealing personal qualities of a leader can be expected to be influential in both identity and value-related change (Lindholm, 1990).

THE U.S. AND JAPANESE CHANGE PROGRAMS: THE FOLLOWER MOTIVES

We now introduce the two change programs that illustrate the CEO’s leader approaches and their motivational appeal to the followers in the two contexts, in a large diversified U.S. company and in a medium-sized Japanese pharmaceuticals firm (see Appendix). The discussion of the U.S. company is divided into two phases as the leader approach changed from a utility-focus to a values-focus. The discussion of the Japanese company illustrates an identity-driven change program. In the two phases of the U.S. case and in the case of the Japanese company, we address the issues raised in Kelman’s framework (see Table 1): the behavioral concern of followers; the source of power for the leader; the use of power; follower behavior activation; and the embeddedness of that behavior as discussed earlier. Then, we describe the leader approaches of the two CEOs as the process in which the CEO seeks to engage the organization in change and create the organizational conditions favorable for activating each follower motive for the corporate transformation, whether utility, identity, or values. The corresponding leadership approaches are named Executor, Educator, and Emancipator, respectively, for the purposes of our treatment. (For a discussion of leadership process in the context of strategy formation, see Leavy, 1996).

The U.S. Company: Attaining Compliance in the First Phase

The U.S. Company is a large conglomerate with a long history (see Appendix). In the early 1980s a new, relatively young CEO was appointed with an ambitious agenda to make the corporation a world leader in each of its businesses. Large scale structural changes resulted as businesses were sold, and the organization was substantially downsized and management layers eliminated. The purpose was to affect change towards refocusing the corporate strategy and reallocating the resources. In a company that most people
Why Do People Follow Leaders?

considered successful, the transformation was radical. It also caused a culture shock as the tradition of a life long job was drastically ended.

How did the CEO motivate the change? He used an ultimatum (perform or else...) to limit the acceptable behaviors: each business unit, to be part of the corporate future, was to become a global leader. Market dominance was rewarded by investment in the business; lacking global position led to divestment. By eliminating extensive budgeting processes and strategic advisers in the headquarters, the CEO achieved control of corporate resource allocation while he redefined corporate goals. He was thus able to eliminate any behavior (by lay-offs, selling and closing down businesses) that was not producing the desired end (leading market position). The CEO also exposed managers more clearly to their performance by simplifying their goals and responsibilities and eliminating intervening factors (such as complex budget processes). In this effort, he was strongly backed by the corporate board and his source of power was thus secured, even when his power was of the coercive/reward type.

The ultimatum to become a market leader was not internalized, however; for many, making a profit would have sufficed. Hence the general behavioral concern can be said to have been one of social effect; managers were following orders to keep their jobs. This was a real concern in the light of the major downsizing that took place simultaneously; also, a number of businesses were sold or closed down. Table 2 summarizes the motivational grounding of the change effort on compliance.

The Japanese Company: Redefining Corporate Identity

This pharmaceuticals company is one of the largest domestic pharmaceuticals manufacturers in Japan (see Appendix). The new CEO was concerned that the company would need to rethink its strategy to survive the emerging global competition in the industry. He introduced a strategic concept that was meant to focus attention on the quality of health care but also to engage employees in the change effort. The strategic concept was very vague and no one really knew what its concrete implications for the company were in the mid-1980s.

The concern for the quality of health care was a radical reorientation for a Japanese pharmaceuticals manufacturer that was used to cultivating strong manufacturer-physician relationships as its competitive edge. As the initial introduction of the change effort was

<table>
<thead>
<tr>
<th>Behavioral concern</th>
<th>Compliance—to achieve a required performance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of power</td>
<td>Control of resource allocation (investment vs. divestment)</td>
</tr>
<tr>
<td>Use of power</td>
<td>Limiting acceptable performance to becoming a market leader</td>
</tr>
<tr>
<td>Behavioral activation</td>
<td>Surveillance of performance</td>
</tr>
<tr>
<td>Embeddedness of behavior</td>
<td>External demands of a specific setting: each business unit’s performance requirement defined by its competitors and general market conditions</td>
</tr>
</tbody>
</table>

Table 2
Utility as the Follower Motive: Compliance in the U.S. Company
very ambiguous, the CEO intended not to introduce immediate radical change but rather to “convert” the employees to a new strategic direction while gaining loyalty and trust in the organization as the new CEO.

The change process that unfolded started with selected managers volunteering to participate in a training program leading to grassroots-level projects emphasizing the meaning and content of change for the company. The 100 managers who participated in the change program also worked in a hospital for some time to gain first-hand experience in patient care. The managers then publicly committed themselves to their new self-image as they presented their experiences “in the field” to the corporate board. The role of these managers subsequently was to start change projects in their departments and to consider how the new commitment to patient care would affect their operations. Nine hundred of the 4,000 employees participated in such projects in which requirements and expectations defining new roles were laid out but not resisted, since the employees and managers themselves were making the rules. This participation amounted to decisional involvement in the follower motive framework summarized in Table 3. Social control that is prominent in Japanese organizations then contributed to the maintenance of the behavior (Jaeger & Baliga, 1985). We interpret the behavioral concern for people in the change process as a redefinition of their identity as part of a group of “enlightened” managers and employees (those who participated in the formal change program initially).

The U.S. Company: Engaging Values in the Second Phase

A turning point for the U.S. Company was a large acquisition made in the mid-1980s (see Appendix). Around the same time, the CEO changed his approach. Compliance could no longer produce the desired effects for further improvement. Indeed, the change of the approach was partly a reaction to his frustration that cognitive change was not taking place in the organization. Although the CEO had elaborated on corporate values all along, these values did not get rooted in the organization. A new corporate process—called the Work-Out, a process in which employees and managers discussed their work routines and relationships—was thus installed.
Why Do People Follow Leaders?

Table 4
Values as the Follower Motive: Internalization in the U.S. Company

<table>
<thead>
<tr>
<th>Behavioral concern</th>
<th>Internalization—developing a grassroots level consensus on corporate values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of power</td>
<td>Righteousness of demand; legitimacy</td>
</tr>
<tr>
<td>Use of power</td>
<td>Reconsideration of traditional ways of working; redefinition of boss-subordinate relationships</td>
</tr>
<tr>
<td>Behavioral activation</td>
<td>Relevance to corporate values in the pursuit of ‘leaness’</td>
</tr>
<tr>
<td>Embeddedness of behavior</td>
<td>The values agreed to and held by each (most) organizational member(s)</td>
</tr>
</tbody>
</table>

The Work-Out process was designed to shape values of all organizational members, and in particular, to reform the boss-subordinate relationship that was seen as a source of a major problem in developing the “new corporation.” Instead of following orders, in the Work-Out process, people were learning to take initiative and responsibility. In an organization that was to be ‘lean and fast,’ there was neither time nor resources to sit around and wait for orders. The CEO also was convinced that to remain competitive in the future, the corporation had to make use of everyone’s ideas, an area that traditionally was an exclusive right of managers. Work-Out developed consensus on the way work was performed, taking advantage of employees’ ideas and experience. Over time, it fostered value congruence between employees and managers.

The source of power in the new organizations was to be credibility as managers were directly challenged by their subordinates. Some even protested that they were afraid of losing their traditional authority to issue orders. The actual process of Work-Out is a good example of restructuring the means-ends framework (Kelman, 1961); work routines could now be challenged and corrected so that they contributed to agreed goals. Behavior was only activated if it was relevant to the corporate values (no more ‘bossing around’ was to be acceptable; thus a concern for legitimacy of the use of power). The corporate behavior was embedded in the values of each organizational member rather than in externally imposed rewards or losses (see Table 4).

Summary: The Follower Motives in the Change Programs

Here, we briefly summarize the two phases in the U.S. change program and the Japanese change program in terms of follower motives. The U.S. program first focused on utility-driven change. The employees, as well as managers, were concerned about the effects of their behavior, that is, their level of performance. The CEO had control over rewards and punishments linked to particular behaviors. He used his power to narrow the range of available behaviors to achieve market dominance. Since the induced behavior was a reaction to the external demands posed, this type of leadership failed to produce change in the absence of surveillance—it did not affect people’s values and thus was not internalized. Internalization was the attempt of the CEO in the second phase.

Internalized behavior is such that people act in accordance with their values as the particular behavior is intrinsically satisfying. In inducing behavioral change, the CEO and the managers had to be credible in convincing the employees that a certain kind of
behavioral change would produce results more in line with their sets of values. This was the goal of the Work-Out process, the gatherings of managers and employees, in which corporate values were discussed, agreed to, and acted upon. The continuation of induced behavior would then depend on the perceived congruence between a particular behavior and personal values.

In the case of identity-induced change in the Japanese company, attention was paid to the conformance with the social expectations regarding a person's role as a member of a particular group (the change leaders). Such a social attachment depends on the perceived attractiveness of the membership or increased self-image and is enforced by spelling out the precise requirements for the role to be played. These requirements were laid out in the change projects in which a large number of employees participated. Public commitment to being a change leader further enforced the role to be played. The induced behavior would be expected to last as long as the role or membership is attractive to the person in question.

THE U.S. AND JAPANESE CHANGE PROGRAMS: TOWARD LEADER APPROACHES

Let us now consider the leader approaches of the two CEOs in more detail. The nature of CEO leadership is mostly one of indirect contact with the majority of subordinates. Therefore dimensions such as consideration and task structuring, suggested by classical leadership studies, are less pertinent to CEO leadership (cf. Hunt, 1991). Instead, the CEO must rely on means that create desirable organizational conditions that institutionalize leadership over time (cf. Kerr & Jermier, 1978). In the following, we attempt to develop such leader approaches that are consistent with the underlying follower motives as described earlier. Our discussion now shifts to the CEO but only to develop the leader approaches that will create the organizational conditions consistent with the underlying follower motives for corporate change. We consider five issues in this regard: goals, rewards, standards of excellence, consensus vs. conflict orientation, and top /down vs. bottom /up execution (see Valikangas, 1994). We then describe the leader approaches found in the U.S. and Japanese company as Executor, Educator, and Emancipator, along these lines.

Goal specificity is generally agreed to be a major variable affecting behavior (e.g., Bandura, 1977; Latham & Yukl, 1975a, 1975b; Locke, 1968); defining clear goals tends to motivate people for higher performance than unspecified goals (such as "Do your best", cf. Locke, 1968). For utility-related behavior, goal specificity is surely critical as the motive for change (expected gain or loss) must be evaluated against such a goal. In the case of the U.S. company, this goal specificity reflects the decision made by the CEO to keep, sell or close down a business, depending whether the business had achieved global market leadership. However, for identity-related change, even though individuals may perceive themselves as part of the group ("sharing its fate," Ashforth & Mael, 1989, p. 21) without actually contributing toward its goals, it is necessary for these goals to be accepted for the group/organization to function effectively (cf. Cameron, 1986). Goal acceptance is the likely pursuit of this kind of an influence process; the group identity must at least be partly developed through the acknowledgment of common goal(s) as in the Japanese company example. For value-related behavior, goals need to be perceived as congruent with internalized values. The process of goal commitment (or even goal development) is thus
Why Do People Follow Leaders?

Crucial to motivate individual behavior (e.g., Arvey, Dewhirst, & Boling, 1976; Carroll & Tosi, 1970). In the U.S. case, the Work-Out process was initiated to shape the values and gain commitment and sharing of corporate values.

Rewarding employee performance is another major issue for leadership. If we accept that goal specificity is a factor in utility-related behavior, then the objective rewarding of results must be seen as crucially linked to this influence process to produce effective change (Shamir, House, & Arthur, 1993; Vroom, 1964). In the case of identity-related behavior, however, the rewarding is likely to focus on organization/group commitment rather than on the actual results, thus emphasizing social cohesion (e.g., see Lincoln, 1989; Ouchi, 1981). For value-related behavior, the reward (or at least the most motivating part of it) comes from the satisfaction with the effort and from the enhanced congruence between values and behavior (cf. Bandura, 1977; O'Reilly & Chatman, 1986; Shamir, 1991). In the U.S. case, the first phase clearly rewarded (good) results, whereas the second phase was more oriented towards giving employees intrinsic satisfaction with their work, not the least by having a say about how their work was routinely performed.

Thirdly, a standard of excellence generally establishes a comparison point for performance. It is related to an aspiration level, that is, the level beyond which an individual perceives success (Heckhausen, 1955). Regarding the actual level of ambition, the literature suggests that the more difficult tasks are generally more motivating than the less difficult ones (see Heckhausen, 1991). In the utility-related behavior, such performance standards are likely to be externally imposed (or at least to a great extent influenced by upper management) (Shamir, House, & Arthur, 1993; Turner, 1987). In identity-related behavior, performance standards need to be arrived at as social norms (see Feldman, 1984). Unless the performance standards of all members are the same, the group is unlikely to maintain its attractiveness for social attachment. In the interest of social harmony, a Japanese organization imposes a performance standard that all members can achieve (e.g., see Kagono, Nonaka, Sakakibara, & Okumura, 1985). However, there may be competition to join the group initially.

Finally, in value-related behavior, standards of excellence become self-imposed in accordance with the values. This is the very nature of values (Schwartz & Bilsky, 1987; Shamir, 1991). The U.S. company first imposed an external standard of competitiveness (be dominant in world markets relative to competitors), and only later engaged in a process where employees could start developing their own standards of excellence (beyond the market position requirement).

Whether the CEO engages in conflict resolution or consensus building is our fourth consideration. Conflict resolution was the main role of the U.S. CEO in the first phase of the change process. This is a likely characteristic of utility-related behavior (not the least in terms of how many people and who gets laid off, who gets more resources, and the like). For identity-related behavior, consensus building and the need for individual compromises appears crucial for social cohesion (cf. Kelley, 1967; Weiss & Shaw, 1979). Individual conflicts are often suppressed rather than solved in a Japanese company (cf. Benedict, 1955). In the case of value-related behavior, employees may engage in internal competition and be challenged by their colleagues rather than superiors (as well as by themselves, cf. Mantz & Sims, 1980, 1987). In this case, the values that are most competitive may dominate the group. However, the situation may be in continuous flux as the environment
keeps changing, thus favoring a different set of values as the critical contingency (cf. Pfeffer & Salancik, 1978).

The fifth and final issue, that of top/down vs. bottom/up execution, masks a variety of aspects. It can apply to the initiation of action, to its implementation, and/or to the responsibility for results. While top management typically initiates large scale change, employee participation in the planning has often been recognized as improving the effectiveness of change (e.g., Korman, 1970; Likert, 1967). The importance of middle management involvement has been noted by Nonaka (1988) and Kanter (1983) among others.

The suggestion that decisional involvement is a source of power is related to the recent emphasis on empowerment of employees in organizational change. Simply put, people who feel they can influence the course of events are less likely to resist change than those who perceive themselves as powerless, or rather, perceive that their only source of power is resistance to change. It is therefore assumed that in utility-related behavior, top management carries the main burden in implementation as it imposes the goals and standards of performance from the top; in identity-related behavior the burden is shared equally (as in Japanese corporations, often by middle management); and in value-related behavior the employees are trusted to carry the main responsibility. They may, more likely than in the other two cases, also initiate the change action.

The issue of top down vs. bottom up execution also clarifies the role of leadership in the organizational change process. The role is far from clear; for example, it is not clear whether leadership is a specialized role in a group and distinct as a social phenomenon (Pfeffer, 1977; Yukl, 1989). The issue is related to discussion on focused vs. distributed leadership (e.g., Ropo, 1989). Focused leadership can be considered a specialized role in a sense that there is a unique actor, the leader. But if leadership is distributed among all members of the organization, the leader as a unique actor disappears (Vanderslice, 1988).

Table 5
Leader Approaches and Follower Motives: Towards Coherence

<table>
<thead>
<tr>
<th>Leader Approach</th>
<th>Utility Executor</th>
<th>Identity Educator</th>
<th>Values Emancipator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regarding goals</td>
<td>Goal specificity</td>
<td>Goal acceptance</td>
<td>Goal congruence</td>
</tr>
<tr>
<td>Regarding rewards</td>
<td>Rewarding specific results</td>
<td>Rewarding commitment/group cohesion</td>
<td>Reward through work satisfaction (&quot;self-actualization&quot;)</td>
</tr>
<tr>
<td>Regarding standards of excellence</td>
<td>Externally imposed</td>
<td>Internally arrived at</td>
<td>Self-imposed</td>
</tr>
<tr>
<td>Nature of leader intervention</td>
<td>Conflict resolution</td>
<td>Consensus building</td>
<td>Internal competition</td>
</tr>
<tr>
<td>Initiation of action</td>
<td>Top management</td>
<td>Top management/ middle management</td>
<td>Employees</td>
</tr>
<tr>
<td>Responsibility for implementation</td>
<td>Top management</td>
<td>Middle management</td>
<td>Employees</td>
</tr>
<tr>
<td>Responsibility for results</td>
<td>Focused</td>
<td>Shared in a group</td>
<td>Carried individually</td>
</tr>
</tbody>
</table>
This issue can be considered in the light of the responsibility for results in the change process. The responsibility should be focused (i.e., carried by the leader) in the case of utility-related behavior ("the buck stops here"), shared in a group in the case of identity-related behavior, or rather, as in many Japanese organizations, avoided (e.g., see Hayashi, 1988), and distributed among all members (i.e., carried individually) in the value-related behavior.

Table 5 provides a summary of the issues characterizing leader approaches related to each follower motive. Thus, the three leader approaches—called Executor, Educator, Emancipator—can now be characterized along the issues discussed. Executor is a leader approach suited for activating utility as a follower motive; Educator appeals to follower identity; and Emancipator is proposed as a leader approach for engaging followers on their values. The argument is one of coherence: to be effective, leader approaches should match the appropriate follower motive, available in the particular national and organizational context.

WAS THERE A FIT? REFLECTIONS ON THE LEADER APPROACHES OF THE U.S. AND JAPANESE CEOS

We now conclude by considering the leader approaches in the context of the two companies: the two phases of the U.S. Company and the Japanese company. The purpose is to evaluate whether the leader approaches that were described earlier can be found in the change programs under study and whether they can be matched with the follower motives as suggested. (The treatment of the U.S. case is brief as it has been consistently referred to earlier as an example of the issues discussed.)

The U.S. CEO as an Executor and Emancipator

Did the U.S. CEO set specific goals; reward results; impose standards of excellence; solve conflicts; initiate action; and take responsibility for the implementation of change processes and their results? The answer is yes and no. Although the role of the CEO was clearly one of resolving conflicts (and perhaps even provoking them), the operational freedom of the business units increased, thus allowing the head of each unit to be clearly in charge. The rewards were clear-cut: be the best or be out. Future resources were allocated depending on performance. However, at the same time, the CEO was talking about corporate values.

The second phase of leadership, labeled as the Emancipator phase, was a reaction to the first phase. It was necessary to free creative energies from organizational constraints and empower people to decide and act for themselves. Utility no longer sufficed as a follower motive. The meetings between employees and their managers sought to develop satisfaction with work, increase the personal goals and ambitions of employees, and create involvement and responsibility at the grassroots-level. At the same time, however, the corporate culture that required competitive performance was maintained.

The Japanese CEO as an Educator

Did the Japanese CEO cultivate goal acceptance; reward commitment; encourage people to set standards of excellence in their own groups; build consensus; leave responsibility for
action to middle management, and let the responsibility for results be shared in a group? The answer is again yes and no. Obviously the elements of leader approaches described above are somewhat stylized and simplistic; yet they seem to capture something essential about the way the leaders motivated their followers in the two companies.

The Japanese CEO sought to build consensus on common corporate identity. Part of the intention of the CEO was to avoid the perception of change imposed from the top. It was considered important that people had the chance to relate to the corporate vision of a caring company and to interpret it in a way meaningful to their group activities. This educated people on the meaning of the strategic concept proposed by the CEO and allowed decisional involvement in the business development through 100 or so change projects; each project had a chance to influence business policy at the functional level. Performance standards were arrived at in groups. Although the strategic direction was formulated relative to the environmental change, its implementation was focused inward. As it is not immediately clear what kind of business can be undertaken in the area of geriatric care by a pharmaceuticals company (an example of the strategic focus areas proposed by the CEO), such standards might have also been premature.

A certain lack of concern for concrete results could be observed. Top management sought to create a consensus around the change concept rather than push for results. Commitment to the ‘process’ was bought at the expense of short-term progress; it takes time and resources to allow teams of people to develop proposals on the implementation of corporate strategy. Yet the company encouraged employee involvement in business development. The projects gained considerable attention, and the people who contributed to them benefited from their social status as part of the new corporate identity. As many people as possible (900 of 4,000 employees were involved in change projects) became aware of what change might mean concretely. The training program, visits to hospitals, and change projects were organized to encourage the development of common understanding. There was no intervention of the kind that would have settled conflicts between the old and new strategy. Basically, the top management and the CEO took a step back and allowed the organization to work out a consensus, merely giving its members tools to do so. The CEO clearly initiated the process, but it was then delegated to middle management in the form of the change projects. The role of the CEO was thus to educate people in their common identity as a company, or rather, after the initiation of the process, allow employees to educate themselves about the new corporate direction. This approach implies the learning of new behaviors, social roles and ways of thinking that are appropriate for the emerging corporate identity.

CONCLUSION: PERSUASIVE FOLLOWER LOGICS IN THE UNITED STATES AND JAPAN

What united the two leader approaches as described in the case of the U.S. change program perhaps goes deeper than the follower motive based on utility or values. It may touch the fundamental behavioral logic that dominates corporate cultures in the United States—the concern for consequences (see March, 1994). Behavior is justified by considering its consequences (to the extent possible as they are often distributed in time and space). Did your leadership result in superior corporate performance? As such, connections are hard to establish beyond doubt, luck and other incidental or institutional factors. What emerges as
telling is the way people explain themselves. This is often done by linking acts and their outcomes. What kind of leader was I? The performance of the company was sufficient—hence a good leader (e.g., see Phillips & Lord, 1981; McElroy, 1982). Utility as a follower motive is perhaps the purest example of such a logic of consequences.

Values as a follower motive can be called the logic of correctness. Fundamental to this line of explaining behavior is a consideration for whether what was done was the "right thing to do." It is a question of perceived congruence between values and behavior. It is interesting to note that the pressure is increasing in the United States for the companies to behave in a socially or environmentally responsible manner (Barnes, 1996). This pressure seeks to move companies and their leadership towards the justifying their behavior by shared values rather than by performance outcomes.

In the Japanese company the primary consideration is social appropriateness. Did the person behave as expected in his (her) hierarchical position, in the particular social situation, and given the social obligations present? This behavioral logic is much less about the immediate consequences of the behavior and much more about whether the behavior was appropriate in the context in which it took place. Identity as a follower motive is grounded on the logic of appropriateness: did I behave as expected in my social role? Did I behave like a person like me is expected to behave (March & Olsen, 1989)? Did I fit in? Markus and Kitayama (1991) discuss the relationship between self and others, emphasizing the need in Asian cultures to attend to others, fit in, and create harmonious interdependence. Such a social construction of the self is likely to provide further impetus to change in Japan once change starts taking place.

To conclude, we propose here that leaders would do well to reflect on follower motives when considering the leadership required to affect organizational change. Whether leaders ultimately have power to turn companies around (see Lieberson & O'Connor, 1972) or whether leadership is a notion cherished by followers in an effort to make sense of uncertainty (Meindl & Ehrlich, 1987) or created by leaders themselves to give the impression of being in charge (Salancik & Meindl, 1984), it is a social force that appeals to followers and leaders alike. We argue here that this force is based on different motives to follow the leader. These motives appear sensitive to the cultural contexts of the followers. The U.S. cultural context can be described as one in which leaders should motivate their followers on grounds of behavioral consequences and correctness; the Japanese context may be better suited for leaders who appeal to social appropriateness. In the United States, leadership was founded on the assumption that a "right" agency (in terms of goals pursued or values held) will result in the desired consequences. In Japan, the link from leadership to followership was different; particular corporate identity—co-created with the CEO and employees—was expected to induce particular behavior on the part of the followers. The argument is thus about a mental model, culturally dependent on follower logic, that directs leader behavior. In particular, it is about the assumptions on which leadership is founded in the United States and Japan and whether the two hold individual agency or organizational context as a primary driver for corporate change (see Barley & Tolbert, 1997).

However, these cultural notions for motivating followers may be shifting over time. As noted, there are pressures in the United States to include considerations of shared values in management decisions. In Japan, the younger generation of employees may be less concerned about social appropriateness and more about consequences—what do I get for working hard (e.g., see Takashi, 1992)? As the approach may change as shown in the U.S.
company over time, leaders are advised to consider which elements create the organizational conditions attractive to utility, identity, or value-motivated followers in the current cultural context. May leaders get the followers they deserve!

APPENDIX

The Two Case Studies

This appendix briefly describes the organizational change and leadership processes that the case descriptions are based on during the period of study in the case of General Electric (the U.S. company) between 1981-1991 and Eisai (the Japanese firm) during 1987-1993. The GE case study is based on published information from multiple sources (see Footnote 1). The Eisai case study draws on interviews with the company managers, including the CEO, and material provided by the company. (A more detailed description of both case studies is provided in Valikangas, 1994). The research process draws on Van de Ven (1992) and Van de Ven & Poole (1991) in that the leadership approach—the process—is conceived as “category of concepts” (Van de Ven, 1992, p. 170) which then informs the design of the research in the following ways. First, the study is longitudinal; second, there is access to CEO leadership philosophy, decisions, and actions over the period of study; third, organizational changes during that time can be analyzed; and fourth, the concepts to describe CEO leadership can be chosen and characterized over time. The two case studies fulfilled these conditions. In addition, the design of the research should be consistent with the notion of process adopted (Van de Ven, 1992). The underlying process foundation of the study was that of learning (Van de Ven & Poole, 1991). The individual adaptive capability to benefit from experience (however scarce) and acquire new knowledge—that is, to learn—represents a useful underpinning for the transformation of leadership over time (cf. March, Sproull, & Tamuz, 1991). The concepts used to characterize leadership were initially inspired, but later modified in the study, by Badaracco and Ellsworth (1989).

For criticism of similar qualitative study of a corporate change program and a response to the criticism, see Blackner and Brown (1983). Qualitative research is argued by Rossi (1971) to be appropriate in the study of large scale change as such change programs are expected to produce massive effects but also require the analysis of the unfolding of change, participants’ perspectives, and political forces (Weiss & Rein, 1970).

GE of America

In 1981 Jack Welch took over an organization (General Electric Corporation) that had all the reasons to exhibit high resistance to change. The company was financially strong and the management practices established by the previous CEO were highly valued. They were nevertheless—only adding to the resistance to change—rather bureaucratic (financial control and planning oriented) and inward looking (focusing on achieving the yearly budget figures). In general, GE was an American institution of long tradition. Despite the likely organizational resistance to change (or perhaps because of it), Jack Welch received a strong mandate for change from the corporate board.

Welch then embarked on action that pursued a quantum leap. At the corporate level, Welch adopted a strategic ultimatum of achieving a dominant market position or the
business would be sold or closed down (the so called #1 or 2 strategy). The purpose was to affect a strategic change towards refocusing of the corporate strategy and reallocation of resources. This was accompanied by large scale structural change; the organization was substantially downsized to eliminate slack. The businesses that did not fit into the current strategy were sold. It was during this period of 1981-1986 that Jack Welch earned a hard core reputation as a CEO; his message to the organization was “perform or else.”

The acquisition of RCA (Radio Corporation of America) in 1986 then offered a chance to raise morale as the GE/RCA merger was celebrated as the creation of a “true global powerhouse.” The acquisition of RCA may have added credibility to the Welch strategy. Also, it gave a further impetus to the corporate downsizing that GE went through both before and after the acquisition. There was, however, the persisting concern that at the “shopfloor” level, nothing much had changed, and even at the subunit level, the change was rather incremental. Welch thus decided that a different approach was needed and initiated various processual and interactive programs that were to involve all organizational members and make subordinates challenge their “bosses” in an effort to improve work routines and interaction between people in general. In this effort, the process rather than the results was of primary concern, and Welch only played the role of a catalyst. At this time (late 1980s), the questions started arising whether the CEO had “softened.”

<table>
<thead>
<tr>
<th>Phase I</th>
<th>Phase II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content of Change:</td>
<td></td>
</tr>
<tr>
<td>Strategic</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Structural</td>
<td></td>
</tr>
<tr>
<td>Cultural</td>
<td></td>
</tr>
<tr>
<td>Rate of Change:</td>
<td></td>
</tr>
<tr>
<td>Quantum</td>
<td>Quantum</td>
</tr>
<tr>
<td>Level of Change:</td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>Corporate/ Subunit</td>
</tr>
<tr>
<td>Leadership Approach:</td>
<td></td>
</tr>
<tr>
<td><em>Neutron-Jack</em></td>
<td></td>
</tr>
<tr>
<td>Leadership Content:</td>
<td></td>
</tr>
<tr>
<td><em>Jack Welch strategy 1</em></td>
<td><em>Jack Welch strategy 2</em></td>
</tr>
<tr>
<td>External orientation</td>
<td>Internal orientation</td>
</tr>
<tr>
<td>Goal focus</td>
<td>Process focus</td>
</tr>
<tr>
<td>Top/down execution</td>
<td>Bottom/up execution</td>
</tr>
<tr>
<td>Dominance of results</td>
<td>Dominance of values</td>
</tr>
<tr>
<td>Conflict resolution</td>
<td>Consensus building</td>
</tr>
</tbody>
</table>

Figure A1. The GE Corporate Change Process 1981-1991
leadership approach had changed between the quantum leap in restructuring and refocusing in the beginning of the 1980s and the processual and interactive change programs towards the end of the 1980s. It should be noted, in addition, that there was a cultural change at the subunit level in terms of how organizational performance was evaluated (also reflected in the articulation of new corporate values). Figure A1 illustrates the process.

To capture the leadership aspects in the GE change process, the approach of Jack Welch is considered in terms of its content dimensions. The content dimensions should characterize the Jack Welch approach for transforming GE as it evolved over time. In the beginning of the 1980s, Welch set an ultimatum to meet the #1 or 2 marketplace goal to GE businesses—hence a clear goal focus. The business was sold or closed down if it did not meet the goal. The #1 or 2 strategy also exposed the organization directly to its competitors in the marketplace: an external orientation was introduced to the evaluation of performance. Towards the end of the 1980s the processes such as Work-Out gained momentum. The important thing then was to engage the organization in the process, with less concern for results. An internal orientation was reemerging: the focus of attention was on the improvement of corporate processes and practices and on the elimination of unnecessary work. The goal-oriented restructuring process was executed top/down with orders from Welch, while the later organizational development processes had to assume a more bottom/up approach; the initiatives and implementations came increasingly from the “shopfloor.” This coincided with the dominance of results versus values; the early strategy was to shape up the company, refocus the resources, cut redundancy, boost productivity, and hence increase profitability. The later strategy recognized the need for engaging all organizational layers into the transformation, to get everyone committed. The focus was on improving work processes and organizational relationships (such as boss-subordinate interaction). The continuing improvements in results, after the early restructuring, were becoming harder to achieve, and had to be founded on the sharing of corporate values.

Finally, the heavy organizational toll of the early 1980s resulted in organizational conflicts that needed to be solved for the new GE to shape up. Such conflicts were founded in the divestments and sales of businesses (such as the traditional core business of GE, housewares) and the misunderstanding of Welch’s use of the work “ownership” by his managers. Later on, the “integrated diversity” and “boundarylessness” required consensus on the way the organization functioned; sharing knowledge without organizational borders to hinder communication, for example. It required consensus because the organizational ideal was conditioned on cooperation; without that, no sharing of knowledge nor development of open communication would take place. Such organizational behaviors cannot be forced even if they can be encouraged by reward systems, for example, as they were.

The leadership dimensions thus group in two leadership concepts in terms of content. The first consists of external orientation, goal focus, top/down execution, dominance of results, and conflict resolution. This strategy can be seen as breaking the constraints that limited GE’s strategic options; while being restructured, the scale of domestic operational base was significantly enlarged due to the RCA acquisition. The second leadership concept emerges as internal orientation, process focus, bottom/up execution, dominance of values, and consensus building. The incremental strategy can be seen as a response to a frustration of a lack of grass-roots change; it was thus designed to penetrate all organizational levels
and "make the change stick" by reforming values and relationships that governed organizational activity.

While the reasons for such leadership "configurations" may be found in the integrity of effective leadership (cf. Badaracco & Ellsworth, 1989; Pettigrew & Whipp, 1991), the two processes vary in intensity of their particular dimensions in the GE change program. The hard call for results that characterizes Welch's leadership approach in general never ceased, even if commitment to corporate values gained importance as well. A major acknowledgment was that "Type 4" managers (the ones who "deliver, at least in the short term, but don't share the values we must have") cannot be tolerated in an organization that was to be competitive in the future global environment. The emphasis or priority given to the leadership dimensions thus changed over time as Welch learned how his organization was responding.

To conclude, the leadership of Jack Welch evolved in the strategic reorientation process of GE. There was a shift from one strategy to another, or put alternatively, a shift in the emphasis on the leadership dimensions. Dealing with cognitive resistance had to follow the restructuring, because, as Welch has put it: "You better be lean before you play these games."

**Eisai of Japan**

Similarly, Eisai Co., Ltd. experienced a change of CEO. The Human Health Care concept offered a chance to facilitate the power shift; with a new strategic focus, the new president was able to imprint his thinking on the company, that is, convert people to his strategic leadership direction. The concept, while making sense in competitive terms, thus offered an internal tool for leadership change. The primary purpose of the Human Health Care concept was, indeed, not to produce concrete fast changes but to allow the new leadership to become fully accepted and trusted by the organization.

The Japanese pharmaceuticals market was nevertheless undergoing some fundamental changes. Large international drug companies were expected to increase their market share, while the comparatively small Japanese companies were heavily dependent on their domestic market. At the same time, the ethical pharmaceuticals market itself, although the second largest in the world, was under heavy price cutting by the Ministry of Health and

### Table A1

**The Competitive Context**

<table>
<thead>
<tr>
<th>Competitive issues:</th>
<th>Strategic issues for Eisai:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aging of the Japanese society</td>
<td>Find business opportunities in elderly care</td>
</tr>
<tr>
<td>Demands for increasing transparency in business practices</td>
<td>Redefine the relationship between a drug manufacturer and a physician, Lower marketing costs</td>
</tr>
<tr>
<td>The role of pharmaceuticals companies in the society; social responsibility</td>
<td>Clarify the public perception of the role and business practices of the pharmaceuticals companies; Offer solutions for health care in the aging society</td>
</tr>
<tr>
<td>Gradual changes in the physician-patient relationship; the concept of &quot;informed care&quot; gaining ground</td>
<td>Offer solutions for health care in the aging society</td>
</tr>
</tbody>
</table>


Welfare, enforced through the national health insurance system. The market had also started to manifest a trend away from its traditional focus on prescription medicines—elderly people (who were about to become its largest segment) increasingly sought health in a form of care where neither the role of ethical drugs, nor medical treatment was dominant. As the industry revenue structure traditionally relied on the amount of medicine prescribed, such tendencies meant radical changes for pharmaceuticals companies, cooperating closely with physicians and hospitals that were the largest dispensers of drugs.

The drug distribution system itself was about to undergo changes; independent dispensaries of drugs were expected to increasingly replace the in-house distribution practice, a characteristic of Japanese market. Furthermore, a limited drug reimbursement that had been introduced to contain the increasing costs of elderly care, was likely to be extended to the whole market, in time. Finally, there was an ongoing harmonization of international drug regulations. Table A1 summarizes the strategic issues as perceived by the CEO, Haruo Naito.

In the strategic response of the company, Naito sought to refocus the corporate strategy on the patient. The patient and his/her family were recognized as customers. “We were thinking about the patient for the first time,” he said, “about five years ago.” That was when the concept of the Human Health Care Company (HHC) was introduced at Eisai. The vision of the HHC put an emphasis on the quality of life of a patient. The concept represented a radical change in thinking in the Japanese pharmaceuticals industry context; traditionally, doctors were annoyed if the patient was asking questions about their condition and treatment. In Japan the physician was not legally required to reveal the nature of the disease to the patient or his/her family. The concept of informed consent, so prominent in U.S. health care, had only recently been making inroads in Japan. The Eisai vision of patient care was, therefore, a major strategic reorientation for a pharmaceuticals firm in Japan. The vision consisted of three potential areas for business: prevention of illness, its cure, and care of the patient and his/her family. Eisai had been traditionally strong in ethical drugs (in cure) and the new business opportunities were considered to be in care aspects. Nevertheless, the CEO denied any significant intent to diversify away from drugs.

In the following, we characterize Naito’s leadership approach in terms that were developed in the GE study.

1. External/Internal Orientation

Although the CEO pushed briefly for a competitive standard that would have driven Eisai to compare with its international competitors (to be among the 20 largest pharmaceuticals companies in the world), such an external standard was soon dropped. It was felt that it did not provide any guidance for the operations of the company nor meaning for the daily work of the people. Instead, a concept or a vision was developed that promised a new corporate identity. “Human Health Care Company” was a concept that could be used to focus attention inside the company. Its implications on the activities of the people in administrative, marketing, R&D, and production functions were consequently explored by the employees themselves. Therefore, the leadership approach was primarily internally focused, that is, the main leadership concern was in getting people committed and giving them a chance to relate the emerging competitive strategy of the company, rather than to
compare company performance to its competitors in specific areas. The company thus looked inward rather than outward in its change implementation.

2. Process Focus/Goal Focus

Rather than formulating fixed goals, the leadership provided direction. There was perhaps no need to set dramatic performance improvement goals, as the company was perceived as sufficiently profitable. Instead, the leadership was preparing the employees for change; there was an ongoing process of middle-management training and an initiation of change projects in which the middle management was encouraged to reflect the competitive changes in its business areas. At the same time, these managers were shaping the very strategy as a collective process. Employees were thus given a chance to develop their activities in order to adopt or express the emerging competitive identity. The leadership had a clear process focus up to the point where a skeptic might argue that during the previous four years, not much was achieved from the pure goal perspective.

3. Bottom/Up Execution—Top/Down Execution

Although initially proposed by the CEO, the concept of Human Health Care Company was planted in the middle management in the various change projects undertaken in the first two years. In addition, a personal experience in health care was likely to have contributed to the understanding of and commitment to the emerging corporate identity as a company that cared for the patient. This personal commitment was made public in the presentations to the corporate board given by middle managers who participated in the training program. The process of the previous four years was clearly directed by top management in the selection of the 100 people that participated in the training program; in the request to develop a change program in different business activities; and in the further initiation of the corporate transformation. The top/down direction, nevertheless, was relatively vague since the operational meaning of the strategic concept was gaining meaning only in the very process of the personal experiences and change projects. In addition, 120 employees took the initiative to spend a few days working in a hospital to experience health care in action. Altogether 900 people were involved in the ongoing change projects. The change process, therefore, while guided and nurtured by top management, was implemented by middle management, and therefore executed bottom/up.

4. Dominance of Values or Identity/ Dominance of Results

A certain lack of concern for results so far in the process could be observed. The CEO himself stated that only now, as the Human Health Care Company concept had become more accepted among the employees, could more concrete results be pursued. Therefore, the change process in its first five years was preoccupied with the development of a corporate identity more receptive to the changes needed in the actual conduct of business, rather than concerned with accomplishing operational changes themselves as results. Refocusing the corporate strategy on the patient was a radical change in corporate thinking, as the CEO states: “We were thinking about the patient for the first time about five years ago.” The first five years, therefore, focused on change in the corporate identity if not also in the values on which business activities, especially marketing, were based. Since the special relationship with the corporate marketing representative and the doctor prescribing medicine was fading away, the new strategy based on adding value to the health care,
<table>
<thead>
<tr>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
</tr>
</thead>
<tbody>
<tr>
<td>HHC concept</td>
<td>Change projects</td>
<td>Structural changes?</td>
</tr>
<tr>
<td>Search for the corporate direction</td>
<td>initiated...</td>
<td>Internationalize &amp; Grow?</td>
</tr>
<tr>
<td>Training of middle managers</td>
<td>finished</td>
<td></td>
</tr>
</tbody>
</table>

Emerging corporate identity; structural rigidity remains

External orientation...Internal orientation...External...Goal focus?

Process focus...

Bottom/up execution...Top/down?

Dominance of identity...Results...

Consensus building...Conflicts?

| 1987 | 1989 | 1991 | 1993 | 2010 |

Figure A2. Eisai—The Evolution of the Leadership Process 1987-1993
together with medical person, gained a foothold. It was the quality of health care provided—as perceived by the patient—that became important, rather than the maintenance of the relationships with physicians.

5. Consensus Building / Conflict Resolution

Clearly, the early change process was dedicated to building consensus around the emerging corporate identity and competitive strategy. Interestingly, the concept of Human Health Care Company was left vague enough to leave room for the employees to add meaning to it. This the CEO called knowledge creation (see Nonaka, 1989): “Knowledge creation is always a metaphor in order to allow people to think in their own way.” Rather than arguing forcefully for his views (which also were developing gradually), the CEO established a process where the concept could be discussed and explored, and therefore, a consensus developed as to the future direction of the company and what that meant for each business activity. Note that even among the top management, the competitive strategy of the company was not absolutely clear; hence, it was not a mere question of “selling” the idea to middle management but seeking to develop an understanding together with the organization as to what it meant to be a “Human Health Care Company” in the future. No conflict between the “old” and “new” was provoked; rather the new was seen as emerging gradually from the old. It was significant that no structural changes were implemented to be more in line with the new strategic posture; merely the cognitive aspects of the organization were underway.

The nature of organizational inertia that the leadership had mainly dealt with was cognitive. One of Naito’s goals was to achieve a change in the corporate identity more consistent with the emerging strategy concept. Changes achieved so far were incremental in degree, introducing the need for a new corporate direction. A consensus for the need to change was developed, with an improved understanding as to what the change might mean for each business activity. Changes were mainly taking place at the functional and group level.

Figure A2 summarizes the Eisai leadership approach as it evolved during the period of study and suggests future directions.

NOTES

2. This section is based on a case study by Valikangas (1994); see also Moreton and Goodman.

REFERENCES


Why Do People Follow Leaders?


Why Do People Follow Leaders?


